

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2010-238-E - ORDER NO. 2010-____
OCTOBER ____, 2010

IN RE:

**Application of South Carolina Electric)
& Gas Company for a Certificate of)
Environmental Compatibility and)
Public Convenience and Necessity for)
the Construction and Operation of a)
230 kV Transmission Line from its)
Denny Terrace Transmission Substation)
to its Pineland Transmission Substation)
_____)**

**PROPOSED ORDER GRANTING
CERTIFICATE OF ENVIRONMENTAL
COMPATIBILITY AND PUBLIC
CONVENIENCE AND NECESSITY**

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the Application of South Carolina Electric & Gas Company (“SCE&G” or “Company”) for a Certificate of Environmental Compatibility and Public Convenience and Necessity for the construction and operation of a new 230 kilovolt (“kV”) transmission line in Richland County, South Carolina extending from SCE&G’s Denny Terrace Transmission Substation to the Company’s Pineland Transmission Substation (“Application”). SCE&G filed its Application on July 7, 2010, and contemporaneously served it on the South Carolina Office of Regulatory Staff (“ORS”), the chief executive officer of each municipality, and the head of each state and local governmental agency charged with the duty of protecting the environment or of planning land use in the county in which any portion of the facility will be located. At the request of the Company, the Commission established this docket pursuant to the provisions in

S.C. Ann. § 58-33-10 et seq. (1976 and Supp. 2009) (“the Siting Act”) and 26 S.C. Code Ann. Reg. 103-304 (1976, as amended).

A Notice of Filing and Hearing (“Notice”) regarding the Application was prepared and issued by the Clerk’s Office. By letter dated July 19, 2010, the Clerk’s Office instructed SCE&G to publish the prepared Notice in newspapers of general circulation in the affected areas one time on or before July 29, 2010, and to provide proof of such publication to the Commission by August 19, 2010. The Company complied with the instructions received from the Clerk’s Office by timely publishing the Notice and thereafter filing an affidavit of publication attesting to publication as directed by the Clerk’s Office.

The Notice established August 19, 2010, as the date by which interested parties or entities could timely file petitions to intervene or present their views in writing to the Commission. No petitions to intervene or protests were filed with the Commission.

ORS is automatically a party to the certification proceeding in this docket pursuant to S.C. Code Ann. §§ 58-4-10(B) (Supp. 2009) and 58-33-140(1)(b) (Supp. 2009). The South Carolina Department of Health and Environmental Control (“DHEC”), South Carolina Department of Natural Resources (“DNR”), and South Carolina Department of Parks, Recreation and Tourism (“PRT”) were listed as parties based on the provisions of S.C. Code Ann. § 58-33-140 but did not appear or take part in the certification proceeding.

On September 20, 2010, ORS and SCE&G filed a Stipulation in this matter.

The Commission conducted a formal hearing in this matter on September 21, 2010 beginning at 10:30 a.m. in the hearing room of the Commission with The Honorable John E. Howard, Chairman presiding. K. Chad Burgess, Esquire, and Matthew W. Gissendanner,

Esquire, represented SCE&G. Jeffrey M. Nelson, Esquire, represented ORS. DHEC, DNR, and PRT did not appear at the hearing.

At the opening of the hearing, Mr. Nelson moved the Stipulation between ORS and SCE&G into the record without objection. The Stipulation was established as Hearing Exhibit 1. The Stipulation set forth that:

1. ORS did not oppose SCE&G's Application for a Certificate of Environmental Compatibility and Public Convenience and Necessity for the Construction and Operation of a 230 kV Transmission Line from its Denny Terrace Transmission Substation to its Pineland Transmission Substation;
2. SCE&G agreed to notify ORS and the Commission once all necessary right-of-ways of the affected landowners were secured and provide proof that such rights had been obtained;
3. SCE&G agreed to follow all South Carolina, Commission, and local government regulations and laws arising from matters set forth in the Application;
4. SCE&G agreed to notify ORS and the Commission when construction begins on the facility as well as when the facility begins commercial operation and of any changes to the planned commercial operation date.

Through their personal appearances, SCE&G presented the testimonies of Hubert C. Young, III, Manager of Transmission Planning for SCE&G, and Dwight M. Hollifield, ASLA, Director of the Facilities Planning and Siting Department for Pike Electric, Inc. ORS presented the testimony of A. Randy Watts, Program Manager of ORS's Electric Department. The testimonies and exhibits of the SCE&G witnesses and the ORS witness were stipulated into the

these interconnected facilities support each other in a manner that maintains electrical service to customers in the area or allows for quick service restoration to interrupted customers. Tr. p. 17. Young noted, however, that, according to SCE&G's Planning Criteria, if SCE&G lost both of the 230 kV lines currently serving the area, the 300 MW load demand in the Blythewood, Pineland, and Killian areas would rely on service from the four 115 kV lines, which would result in low voltage and equipment overload conditions in the Columbia northeast area. Tr. p. 17.

According to Young, SCE&G currently forecasts that the existing facilities in the Columbia northeast area will have inadequate capacity to provide an acceptable level of support to each other as early as the summer of 2011. Tr. p. 17. Young further testified that the most reasonable and effective solution to this problem is the connection of the existing Denny Terrace and Pineland 230/115 kV transmission substations with a new 230 kV transmission line. Tr. p. 17. According to Young, this new line will ensure that SCE&G remains in compliance with applicable NERC standards, continues to provide the level of electric service that its customers enjoy and expect, and enhances system reliability. Tr. p. 17.

Young testified that the proposed facility will serve system economy in two ways. Tr. p. 18. First, Young stated that when the need to minimize environmental, land use, cultural resource and aesthetic effects is considered, the proposed facility is the most cost-effective long-term solution to increase reliability for SCE&G customers in the Columbia northeast area and the areas surrounding the Interstate Highway 77 corridor. Tr. p. 18. Second, Young stated that the proposed facility increases the efficiency of SCE&G's physical plant operations. Tr. p. 18. With respect to the first point, Young noted that SCE&G had considered the possible alternatives of either taking no action or promoting conservation through load management programs as well as two other transmission system expansion options, but had determined that the alternatives of

taking no action or promoting conservation through load management programs would not provide its customers with long-term electrical system reliability and that the two other transmission expansion options were significantly more costly than the proposed Denny Terrace-Pineland 230 kV Line. Tr. p. 18-19. With respect to the second point, Young testified that the construction of the proposed Denny Terrace-Pineland 230 kV Line permits SCE&G to split the load on its facilities, thereby ensuring that the equipment is not overloaded and providing for less energy loss over the lines. Tr. p. 19.

Young also testified as to the process by which SCE&G selected the route for the proposed Denny Terrace-Pineland 230 kV Line. According to Young, SCE&G conducted a comprehensive transmission line siting study, in which SCE&G identified forty (40) potential routes for the new line and conducted a thorough quantitative and qualitative evaluation of each of these forty routes based on an array of environmental, land use, cultural resource, and aesthetic data. Tr. p. 19. After this evaluation was complete, Young stated that SCE&G then conducted a comprehensive cost estimate of the top ten potential routes as determined by the quantitative and qualitative evaluations of the potential routes. Tr. p. 20. Young testified that the siting study demonstrated that the selected route for the Denny Terrace-Pineland 230 kV Line best minimized adverse effects to the broadest range of factors and that, although the selected route's total cost of \$4,914,000 ranked ninth among the top ten alternate routes, SCE&G determined that the advantages of the selected route with regard to minimizing environmental, land use, cultural resource, and aesthetic effects justified its selection. Tr. p. 20.

Young affirmed that SCE&G was committed to operating the proposed Denny Terrace-Pineland 230 kV Line within applicable state and local laws and regulations. Tr. p. 20.

Finally, Young concluded that the public convenience and necessity requires the construction of the Denny Terrace-Pineland 230 kV Line. Tr. p. 21. According to Young, the new line will increase transmission capacity to provide support to existing facilities; allow SCE&G to continue to provide safe, reliable power to its customers in the Columbia northeast area and the areas surrounding Interstate Highway 77; and ensure that SCE&G remains in compliance with applicable NERC standards. Tr. p. 21.

Company Witness Hollifield sponsored the Siting and Environmental Report for the Denny Terrace-Pineland 230 kV Line, which he authored. Tr. p. 49. In support of SCE&G's selection of the proposed route for the Denny Terrace-Pineland 230 kV Line, Hollifield testified that the selected route minimizes any environmental, land use, cultural resource, and aesthetic effects while remaining within a justifiable range of estimated cost; the selected route reflects community priorities by minimizing the proximity to and visibility from occupied buildings; the selected route maximizes the use of existing SCE&G right-of-way while minimizing the requirement for additional new right-of-way; and the selected route is compatible with Richland County's Crane Creek Master Plan. Tr. p. 50-51.

Hollifield also testified that the construction and operation of the Denny Terrace-Pineland 230 kV Line would not have any significant short- or long-term impacts on the environment because SCE&G will use established wetland protection guidelines when operating near or within wetlands areas. Tr. p. 51. Hollifield noted that the function of wetlands crossed by the new line will not be changed and that no wetland will be converted into uplands. Tr. p. 51. Hollifield further testified that no rare, threatened, or endangered species would be adversely impacted by the project; that the proposed line would have no adverse effect on historic sites or historic districts, and that the proposed line would have very low overall visual effects given the

use of existing right-of-way for a majority of the total length of the line as well as the general remoteness of the area and existing trees along the remainder of the line. Tr. p. 51-52.

ORS witness Watts also testified. Watts provided the results of ORS's review of the Company's Application. Watts testified as to his understanding of the basis for the need for the proposed transmission line, how the line would serve the interests of system economy and reliability, and as to the fact that the Company affirmed that it would conform to all applicable state and local laws and regulations as they pertain to the proposed transmission line facility. Tr. p. 73-75. Watts also commented on how this project would enhance economic development in South Carolina. Tr. p. 76.

The Commission has considered the testimony of the witnesses and the other evidence of record in this proceeding. Based on this factual record, the Commission finds in accordance with S.C. Code Ann. § 58-33-160 of the Siting Act that SCE&G has demonstrated that: (a) the proposed 230 kV transmission line, which will run from its existing Denny Terrace Transmission Substation to its existing Pineland Substation, will serve the need to increase reliability for SCE&G customers in the Columbia northeast area and the areas surrounding the Interstate Highway 77 corridor and ensure that SCE&G remains in compliance with applicable NERC standards; (b) the probable environmental impact of the proposed facility will be minimal; (c) any such minimal impact is justified, considering the state of available technology and the nature and economics of the various alternatives and other pertinent considerations; (d) the proposed facility will serve the interests of system economy and reliability; and (e) there is reasonable assurance that the proposed facility will conform to applicable State and local laws and regulations. Therefore, the Commission concludes that public convenience and necessity require

the construction of the proposed Denny Terrace-Pineland 230 kV Transmission Line and that adoption of the Stipulation is in the best interests of the parties and the State of South Carolina.

NOW THEREFORE, based upon the foregoing, IT IS HEREBY DECLARED AND ORDERED THAT:

1. SCE&G is hereby granted a Certificate of Environmental Compatibility and Public Convenience and Necessity for the construction and operation of the new Denny Terrace-Pineland 230-kV transmission line in Richland County, South Carolina.
2. SCE&G has shown the basis of the need for the facility in increasing reliability for SCE&G customers in the Columbia northeast area and the areas surrounding the Interstate Highway 77 corridor and ensuring that SCE&G remains in compliance with applicable NERC standards.
3. SCE&G has shown the nature of the probable environmental impact is minimal and, considering the state of available technology and the nature and economics of the various alternatives and other pertinent considerations, the minimal impact is justified. SCE&G selected the route that best minimizes any environmental, land use, cultural resource, and aesthetic effects.
4. SCE&G has shown the facilities will serve the interests of system economy and reliability by providing support to existing facilities so that SCE&G customers in the Columbia northeast area and the areas surrounding the Interstate Highway 77 corridor continue to receive safe, reliable electric service. It will also permit SCE&G to split the load between its existing facilities and the new facilities which will ensure that equipment is not overloaded and will provide for less energy loss over the lines.

5. SCE&G will notify ORS and the Commission once all necessary right-of-ways from the affected landowners are secured and provide proof that such rights have been obtained.
 6. SCE&G will follow all South Carolina, Commission, and local government regulations and laws arising from matters set forth in the Application;
 7. Public convenience and necessity require the construction of the 230-kV transmission line in Richland County, South Carolina.
 8. SCE&G will notify ORS and the Commission when construction begins on the facility, when the facility begins commercial operation, and of any changes to the planned commercial operation date of May 2011.
 9. The Stipulation attached hereto as Order Exhibit No. 1, which was accepted into the record without objection at the hearing, is incorporated into and made a part of this Order and approved as just and reasonable.
 10. This Order shall remain in full force and effect until further Order of the Commission.
- BY ORDER OF THE COMMISSION:

John E. Howard, Chairman

ATTEST:

David A. Wright, Vice Chairman

(SEAL)